

STATE OF CALIFORNIA

Arnold Schwarzenegger, Governor

DEPARTMENT OF INDUSTRIAL RELATIONS
Office of the Director
455 Golden Gate Avenue, 10th Floor
San Francisco, CA 94102
Tel: (415) 703-5050 Fax: (415) 703-5058

MAILING ADDRESS:
P. O. Box 420603
San Francisco, CA 94142-0603



DATE: March 17, 2008

TO: Victoria Bradshaw
Secretary of the Labor and Workforce Development Agency

Michael C. Genest
Director of Finance

FROM: John C. Duncan
Director

A handwritten signature in black ink that reads "John C. Duncan".

SUBJECT: Financial Integrity and State Managers' Accountability Act (FISMA) Report

In accordance with the Financial Integrity and State Managers Accountability Act of 1983, Government Code Sections 13400 through 13407, I am submitting the enclosed report describing the review of our systems of internal control for the biennial period ended December 31, 2007.

As statutorily required, the Department of Industrial Relations is in compliance with Government Code Section 12439. DIR adheres to the departmental self-certification procedures per Government Code Section 12439 SEC 12, Subdivision (c 1-6) as described in the State Controller's Office annual memorandum regarding "Abolished Vacant Positions per Government Code 12439" released each July, and the procedures per Government Code 12439 SEC (b 1-5) as set forth in the annual Budget Letter from the Department of Finance, released each August.

Enclosure

DEPARTMENT OF INDUSTRIAL RELATIONS
FINANCIAL INTEGRITY AND STATE MANAGER'S ACCOUNTABILITY ACT
(FISMA) REPORT
FOR THE BIENNIAL PERIOD ENDED DECEMBER 31, 2007

Background: Government Codes 13400 through 13407, known as the Financial Integrity and State Manager's Accountability Act of 1983 (FISMA), was enacted to reduce the waste of resources and strengthen accounting and administrative control. FISMA requires each state agency to maintain effective systems of internal accounting and administrative control, to evaluate the effectiveness of these controls on an ongoing basis, and to biennially review and prepare a report on the adequacy of the agency's systems of internal accounting and administrative control.

In compliance with the revised Government Code Section 13405(a) *where each agency must conduct an internal review of their controls and prepare a report*, the Department of Industrial Relations (DIR), conducted a self-review of its internal control including a follow up review of the recommendations contained in the Department of Finance's FISMA audit of DIR's internal control in 2005, Attachment 1.

The DIR was established to improve working conditions for California's wage earners, and to advance opportunities for profitable employment in California. This mission is carried out through its various divisions and programs as shown in Attachment 2, DIR Organization Chart.

- Division of Workers' Compensation (DWC)
 - Commission on Health and Safety and Workers' Compensation (CHSWC)
 - Workers' Compensation Appeals Board (WCAB)
- Division of Occupational Safety and Health (DOSH)
 - Occupational Safety & Health Appeals Board (OSHAB)
 - Occupational Safety & Health Standards Board (OSHSB)
- Division of Labor Standards Enforcement (DLSE)
- Division of Apprenticeship Standards (DAS)
- Division of Labor Statistics and Research (DLSR)
- Self-Insurance Plan (SIP)
- State Mediation and Conciliation Service (SMCS)

DIR has established, documented, and maintained a system of internal accounting and administrative control, which are communicated to employees, and modified, as appropriate, for changes in condition.

- An organization plan that provides management's framework for planning, directing, and controlling operations, and segregation of duties appropriate to safeguard state assets.
- A plan that limits access to state agency assets to authorized personnel who require these assets in the performance of their assigned duties.

- A system of authorization and record keeping procedures adequate to provide effective accounting controls over assets, liabilities, revenues, and expenditures.
- An established system of practices to be followed in performance of duties and functions.
- Personnel of a quality commensurate with their responsibilities.
- An effective internal review system.

In addition, DIR's management is cognizant of its role to identify, assess, and mitigate risks that could impede in the successful implementation of its mission. In the recently concluded risk assessment exercise, DIR identified the following risks, their potential impact, and the mitigating plan.

- Funding.
 - General Fund potential budget cut. With California's current economic condition, DIR's general fund may be reduced. Priorities will be revisited and resources will be realigned to mitigate any budget cuts' negative impact.
- Staffing.
 - Key person dependency. Attuned to the reality that the DIR workforce is aging, DIR management keeps a very close watch of its personnel turnover and develops a succession plan that includes efficient and timely testing and hiring processes.
 - Difficulty recruiting competent staff in certain fields. Attracting competent new safety engineers remain a significant challenge for the Division of Occupational Safety and Health (DOSH) Elevator Unit. For the past three years, the safety engineers' salary range has been increased to be in parity with their counterpart in the private industry. The last installment in this four-year increase is scheduled in fiscal year 2008/2009. With this salary increase, the recruitment for new safety engineers may be more favorable.
- Information technology projects
 - DLSE's Case Management System (CMS). DLSE monitors, investigates, and adjudicates violations of labor laws within the State of California Labor Code that cover employer-employee relationships and regulations contained in the Industrial Welfare Commission Orders. IWC Orders regulate wages, hours, and working conditions for private sector employees in California. The Division fulfills these mandates through its major programs, the Wage Claim Adjudication (WCA), the Bureau of Field Enforcement (BoFE), and Licensing and Registration Unit, and the Legal Section.

To improve DLSE's processes, the CMS technology project was approved and funded in February 2005, for \$6.01 million, \$5.087 million one-time and \$923,000 continuing costs, with an estimated completion date of July 30, 2007.

The Licensing and Registration and Entertainment work Permit process system was implemented in December 2006. This replaced an out-dated FileMaker database that had been custom designed to generate forms and letters and provided no management information. Although, initially, chronic backlog problems were exacerbated during the first 8 months of operations, as license renewals that were already in the new system were processed, all licensing backlogs were eliminated.

In January 2007, the Retaliation Complaint Investigation Unit (RCI) was brought on-line with CMS. Its operations were primarily run out of Sacramento. The unit had no previous legacy applications and relied chiefly on an Excel spreadsheet for tracking cases. CMS was RCI's first exposure to a computerized case tracking system. The management and staff of this unit report positively about their experience with the CMS implementation.

Currently, approximately 95% of the core CMS application is ready for deployment. DLSE business readiness, however, dictates that further system rollout be contingent upon business process reengineering to establish uniform business processes state-wide. A Post Implementation Evaluation Report will be completed based on the current implementation.

- DWC's Electronic Adjudication Management System (EAMS). The DIR is engaged in a multi-year project to replace the Division of Workers' Compensation's case management system and its legacy technical infrastructure. The EAMS project will allow DIR to better meet statutory guidelines, realize operational efficiencies, and lower the overall cost of the California Workers' Compensation system. This will be achieved through an enhanced ability to quickly resolve workers compensation claims by enhancing responsiveness to claims filing, employing more efficient and effective calendaring to ensure that all parties to a dispute are able to meet with judges, and improving the ability to track cases.

The project has a Department of Finance (DOF)-approved budget of \$36,105,467 with an estimated completion date of August 2008. Visionary Integration Professionals (VIP) is the independent Project Manager, Eclipse Solutions provides Independent Validation and Verification (IV&V), and Deloitte Consulting is the software integrator. Risks to the successful completion of this project are closely monitored,

tracked, documented, and managed, Attachment 3, Project Oversight Review Checklist.

Although the goal is to complete the project within the project's allocated resource thresholds, the risk management and oversight processes have identified the need to redirect internal DIR resources to key activities to mitigate risks. Also, critical functionality has been identified that will require Deloitte resources. This will require that the project provide a Special Project Report (SPR) unless the project scope is limited. The SPR may justify a contract amendment for the Deloitte development team. The increased contract cost, however, may trigger a Section 11 Notification requirement to the Legislature.

Name of Department: Department of Industrial Relations

INTERNAL CONTROL WEAKNESSES

Date: February 29, 2008

ATTACHMENT 1

CONTROL WEAKNESSES IDENTIFIED PROPERTY (FIXED ASSETS)	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
1. Physical Inventory Not Performed (Prior Finding 6)	Recommendation : Schedule physical inventory counts of all property. Due to DIR's many divisions, it may be more efficient for each division to perform a physical inventory count and then submit to Headquarters for reconciliation to the accounting records. Accurately footnote any circumstances of non-compliance in the financial statements.	Prior to the release of the final audit findings, DIR immediately scheduled a physical inventory count of General Fixed Assets for the department and completed it by the summer of 2006.	Another physical inventory is scheduled to begin in the summer of 2008 and it is anticipated that the physical inventory will be finished in 2009. Summer of 2008 through 2009
2. Inadequate Capitalization of Fixed Assets	Recommendation : Ensure that property is accurately capitalized and recorded in the property ledger.	Upon completion of the physical inventory, the property ledger and Accounting records were adjusted to accurately reflect the capitalized property.	Completed in 2006.

Name of Department: Department of Industrial Relations

CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
3. Inaccurate Property Ledger (Prior Finding 5)	<p>Recommendation : Use stock received reports and final vendor invoices to record property in the property ledger.</p> <p>Ensure that Business Services is notified of all changes in property location and these changes are subsequently recorded in the property ledger. Develop procedures to ensure the assets are input timely in the property ledger. Reconcile the property ledger to the general ledger and investigate variances to ensure that accurate totals are reported in the Report 19.</p>	<p>The Business Management Unit has updated their procedures and requires all divisions to report movement of property in a timely manner. Standard property transfer/disposition forms shall be used. These procedures have been communicated to departmental program staff.</p>	Date: February 29, 2008
4. Inadequate Property Disposition		<p>Recommendation : Develop procedures to ensure that DGS approval is received before the property is disposed of and ensure the property is disposed of within 30 days of DGS approval. Ensure that all dispositions are identified and are accurately posted to the property ledger.</p> <p>Develop procedures to ensure that lost, stolen, or destroyed property is reported on a property survey report within a reasonable time period.</p>	<p>The Business Management Unit has developed procedures to ensure that departmental and DGS approvals are obtained prior to the disposition or transfer of property. DIR staff have been trained to report within a reasonable time period when property is lost, stolen or destroyed.</p> <p>Employees are reminded in annual training sessions.</p> <p>Annually</p>

ATTACHMENT 1

Name of Department: Department of Industrial Relations		Date: February 29, 2008	DATE OF ACTION/ PLANNED ACTION
CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	
5. Lack of a Property Survey Board	A Property Survey Board has been appointed and includes staff from Accounting, Business Management, Information Systems unit, and the programs.		
6. Inadequate Tagging Procedures	Recommendation: Tag and record in the property ledger all items under \$500 that are desirable and susceptible to theft.	The DIR decided to maintain the existing policy of tagging and recording items \$500 and over only.	
RECEIVABLES			With the delay in the implementation of the DLSE Case Management System, DIR Accounting, in the interim will require DLSE to provide accounts receivable information for proper recording.
7. Unrecorded Accounts receivable (Prior Finding 9)			
		Recommendation: Record all outstanding assessments in DIR's accounting records	

Name of Department: Department of Industrial Relations	CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
8. Improper posting of Subsidiary Ledger to General Ledger	<p>Recommendation: Properly post all subsidiary records to the general ledger and reconcile all subsidiary records to the general ledger monthly.</p>	<p>DIR has started implementing the reconciliation of the accounts receivable subsystem to the general ledger (CALSTARS) on a monthly basis. In addition, payroll receivable will be closely monitored so that receivables and payments will be properly posted on both the subsidiary ledger and the general ledger.</p>		
9. Collection Efforts Need Improvement (Prior Finding 2)			<p>DIR will apply collection procedures promptly to all delinquent accounts based on SAM Section 8776.6 and that includes seeking approval from appropriate control agency to write-off delinquent and uncollectible accounts receivable. In addition, DIR is currently working with the DSEE's collections unit to reengineer the collection process for CAL/OSHA to ensure more expedient resolution of outstanding accounts receivables.</p>	Date: February 29, 2008

Name of Department: Department of Industrial Relations

Date: February 29, 2008
Control Weaknesses Identified

CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
REVOLVING FUND			
10. Salary Advances Controls are not Adequate (Prior Finding 4)	Recommendation : Develop procedures to monitor aging salary advances. On a monthly basis, Accounting should send a report to Personnel listing all outstanding salary advances. Personnel should use this report and follow up on all outstanding salary advances. Develop procedures to track previous salary advances to avoid approving excess salary advances. Personnel should use the outstanding salary advances report to check for any previous salary advances given to the employees.	The Accounting Office is currently providing the Personnel Unit a monthly listing of outstanding salary advances for their review and action to clear the salary advances. In addition, existing procedure has been updated and immediately implemented to closely monitor all requests for salary advances to check for any previous advances before processing the request. Accounting staff will notify the Personnel Analyst for the outstanding advances to be cleared before processing any new request.	
11. Inadequate UEF and SIF Procedure Manuals		Recommendation: With the average case load of 250 cases per Claim Representative, documented procedures of regular duties performed by the Claim Representatives should be developed and included in the administrative guides.	The Workers' Compensation Consultant duty statements were updated to document procedure of regular duties.

Name of Department: Department of Industrial Relations

CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
12. UEF Inadequately Controlled	Recommendation: Require original receipts for all reimbursement claims. A verification checklist should be developed to ensure that precautions have been taken to verify the validity of claim.	DIR's internal controls over cash disbursements are sufficient to ensure that cash disbursements are made for allowable purposes and are accurately and promptly posted. In addition, adequate separation of duties exists and bank reconciliations are timely.	
13. Inadequate Bank Reconciliation	Recommendation: The person reconciling the bank statement should accurately prepare the bank reconciliation. Moreover, the person who reviews the bank reconciliation should carefully review all items to ensure that accurate information is reported. Make appropriate adjusting entries to remove the uncleared deposits from accounting records, ensure that all future deposits are accurately recorded, and timely research all reconciling items.	Procedures have been re-conveyed to the bank reconciliation staff to ensure that all future deposits are accurately recorded and that timely research of all reconciling items be done.	

Date: February 29, 2008

Name of Department: Department of Industrial Relations

CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN		DATE OF ACTION/ PLANNED ACTION
		Date: February 29, 2008		
14. Uncashed or Unclaimed Checks are not Cleared Timely	Currently, all outstanding checks over one year old have been cleared and credited back to ORF or remitted to an escheat revenue account. DIR has established procedures to continuously monitor uncashed or unclaimed checks to comply with SAM Section 8042.			
15. Inadequate Accountability of Checks	Procedures are already in place to comply with the auditor's recommendation. A log of checks is maintained and check signers reconcile checks signed with the daily log by initiating it.			
CASH RECEIPTS				
16. Urtimely Remittances to the State Treasury	Since the introduction of the electronic cash remittance process, the Department is now in full compliance with SAM Section 8091.			

Date: February 29, 2008

CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
17. Inadequate Accountability of Checks Recommendation: Obtain FSCU approval on ICRPs prior to submitting them to the cognizant federal agency.	The ICRP for FY 04/05 and 05/06 was submitted simultaneously on January 31, 2005 to FSCU and Department of Labor (DOL).	In the future, DIR will obtain FSCU approval prior to submitting ICRPs to DOL.	
18. Reimbursement of Deficiency Claims are Inadequate (Prior Finding I) Recommendation: Ensure that staff clear outstanding deposits timely to prevent cash shortages.		A procedure has been in place wherein outstanding deposits over 30 days are being followed up with the State Treasurer's Office.	
PURCHASING	19. Split Purchase Orders	Business Management Unit has already corrected the citation of splitting the purchase orders to comply with the rules and regulations set forth by DGS. DIR is purchasing PCs, servers and other IT-related products through the California Strategic Sourcing Contract for big purchases which is mandatory and has no dollar limits.	

Name of Department: Department of Industrial Relations	CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
20. Inadequate Stock Received Reports	<p>Recommendation: Prepare stock received reports or use an approved purchase order to record all necessary information at the time goods are received, and keep a copy of the completed stock received report in the accounting file.</p>	<p>Business Management Unit distributes approved purchase order which includes the File Copy & Copy of Prepared Stock Received Report (SRR) for the program to sign once goods/services are received. Business Management informs the program that the signed SRR will be submitted to Accounting together with the invoice. Also, A copy of the signed SRR must be forwarded to Business Management Unit to close the purchase orders.</p>	<p>Accounts payable staff are reminded to strictly follow the procedure to require the program staff to submit a copy of the SRR when submitting invoices for payment.</p>	Date: February 29, 2008
21. Inadequate Contract Monitoring	<p>Recommendation: Maintain an expenditure ledger for each contract</p>	<p>CONTRACTS</p>	<p>The Business Management Unit has developed procedures for maintaining expenditure logs for each contract. These procedures and formats have been distributed to departmental program staff. The Business Management Unit continues to monitor maintenance of these expenditure ledgers.</p>	
22. Splitting of Contracts	<p>Recommendation: Obtain DGS approval for multiple contracts to a single contractor if the total exceeds \$50,000.</p>		<p>DIR has consolidated contracts with same scope of work and term and awarded to a single contractor and obtains DGS approval for those that are above \$50,000.</p>	

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ATTACHMENT 1

Name of Department: Department of Industrial Relations

CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
23. Inadequate Liquidation of Encumbrances			
Recommendation: Develop procedures to ensure that all contract payments are charged against the appropriate encumbrance.	Accounts payable staff are reminded to strictly follow the procedure to liquidate encumbrances with the right transaction code.		

Date: February 29, 2008

Name of Department: Department of Industrial Relations

CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
PERSONNEL AND PAYROLL			
24. Unauthorized Overtime Requests	<p>DIR's practice has been for employees to obtain supervisors' verbal approval for overtime requests prior to the overtime being worked. Therefore, the "authorized" signature/date block is not always signed prior to overtime worked. The Supervisor approves all overtime at the end of the pay period when the Absence and Additional Time Worked (Std. 634) and Authorization for Extra Hours (Std. 682) are submitted.</p> <p>Recommendation: Overtime requests submitted by employees must be signed and dated by a designated supervisor prior to overtime hours worked or emergency circumstances must be clearly stated.</p>		
25. Undeliverable Salary Warrants Not Remitted Timely		<p>A procedure is already in place wherein undeliverable salary warrants over 30 days old are being reported to Personnel. In addition, Personnel is also being advised that warrants over 90 days old will be deposited into the Special Deposit Fund.</p> <p>Recommendation: Actively track the aging of undeliverable warrants and report those warrants over 90 days old to Personnel and deposit warrants after 90 days into the Special Deposit Fund.</p>	

Date: February 29, 2008

Name of Department: Department of Industrial Relations		CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
CONTROL WEAKNESSES IDENTIFIED	INFORMATION TECHNOLOGY			Date: February 29, 2008
26. Information System Controls Need Improvement	<p>Recommendation: Implement procedures to ensure that exiting employees are promptly removed from the network. Furthermore, control access to applications to only authorized personnel by requiring unique passwords for each user.</p>	<p>The DIR employee exit/clearance procedure has been updated to include timely notification to the Information Systems Unit and the Business Management Unit. These procedures have been communicated to departmental program staff and attendance reporting officers.</p>		
	<p>27. Inadequate Daily Batch Reconciliation Procedures</p> <p>Recommendation: Ensure batch reconciliation are properly completed and reviewed daily.</p>	<p>A procedure has been developed to prepare daily batch reconciliation with the right CALSTARS report. The audit findings have been corrected.</p>		

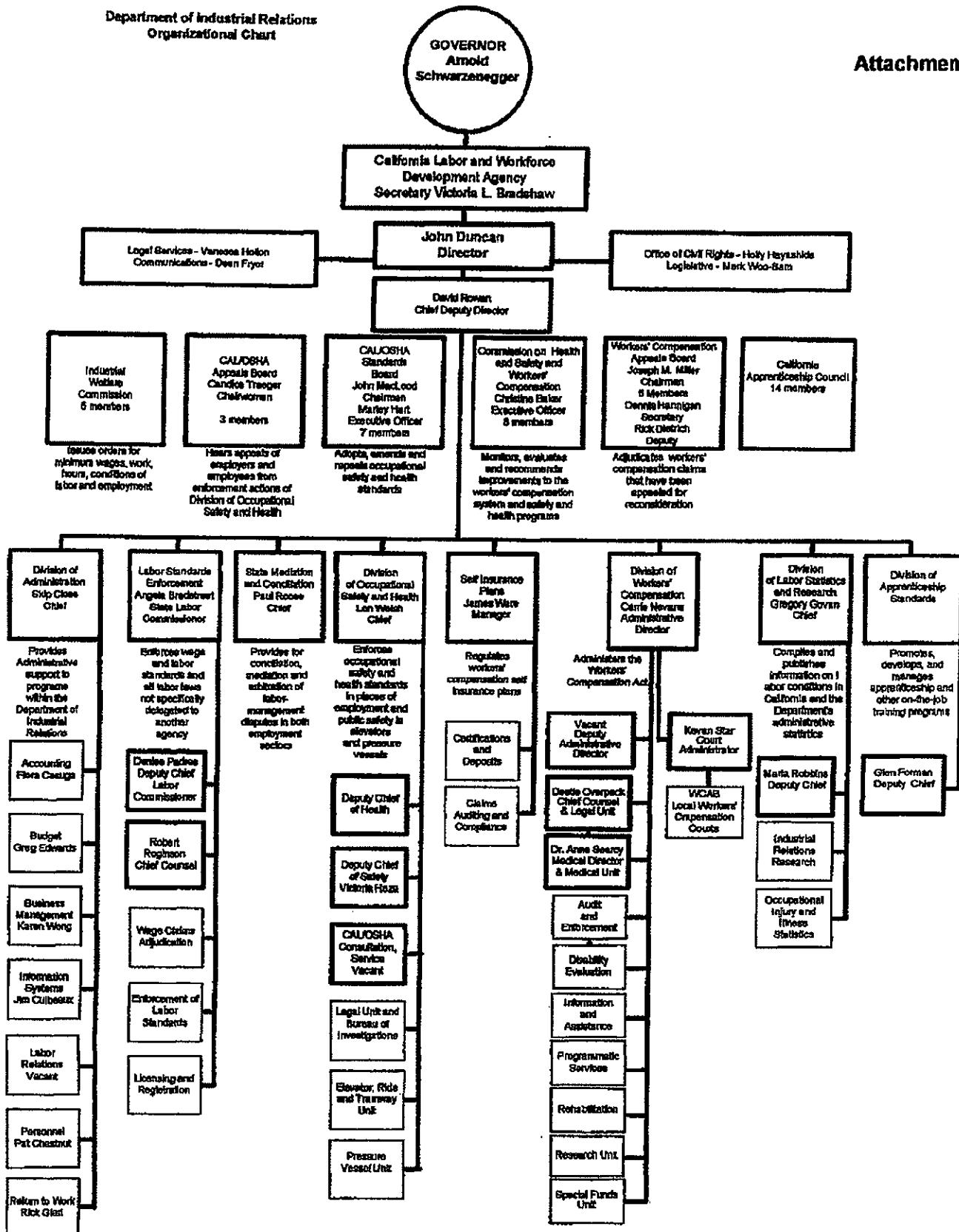
Name of Department: Department of Industrial Relations

CONTROL WEAKNESSES IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	DATE OF ACTION/ PLANNED ACTION
FIELD OFFICES			
28. Inadequate Separation of Duties	Recommendation: Route checks for disbursement by a person other than the check preparer. Separate the following functions: recording, authorization, and access to blank check stock. Change the combination to the safe and keep a record of the date the combination was last changed and who has access to the safe.	The temporary inadequate separation of duties has been corrected. Additional staff have been hired. Processes have been implemented and the combination of the safe is being changed.	
29. No Prelisting of Cash Receipts	Recommendation: Staff responsible for opening the mail should prepare an ongoing prelisting of all cash or negotiable items that are not made payable to the department.	DIR has implemented the recommendation and will prepare an ongoing prelisting of all cash or negotiable items that are not made payable to the department.	

Date: February 29, 2008

Department of Industrial Relations
Organizational Chart

Attachment 2



Project Oversight Review Checklist

High Criticality Project

Practices and Products		Adequate	Deficient	(Notes Reviewed, Interviews Conducted, Demonstration)
Planning and Tracking				
1. Have the business case, project goals, objectives, expected outcomes, key stakeholders, and sponsor(s) identified and documented?	X			Yes. The business case, project goals, objectives, and expected outcomes are documented in the FSR and SPR. The Monthly Project Status Report identifies the project sponsors and key project team members, including project role and contact information. The key stakeholders are documented in the Communication Plans (within each of the Project Management Plans) and will be included on the full Project Roster. The roster will provide names, email, phone numbers, division, and role on the project.
2. Has a detailed project plan with all activities (tasks), milestones, dates, and estimated hours by task landed into project management (PM) software? Are the lowest level tasks of a short duration with measurable outcomes?	X			The Project Schedule has been updated based on the revised approach to accommodate companion case functionality. Although the project schedule has been updated with the new dates, it has not been fully baseline, leaving most dates vulnerable to automatic re-planning by MS Project. Oversight has recommended to Deloitte to re-baseline the schedule based on revised dates to ensure new target dates are maintained. While the schedule continues to be maintained in MS Project on a weekly basis, it is only posted to SharePoint on a monthly basis or as requested.
3. Is completion of planned tasks recorded within the PM software?	X			Yes. On a monthly basis, the "% Complete" data for planned tasks is updated in the MS Project. The "% Complete" method used for the majority of tasks is the "050/100" (where 50% complete is registered when the task is started and 100% complete when the task is finished). The methodology is detailed in the Schedule Management Plan (in the Project Management Plan). The only concern that Oversight has is the allowance of the tool to fit in the actual start and end dates.

Information Technology Project Oversight Framework

Practices and Products	Adequate	Deficient	Notes <i>(Means Reviewed, Interviews Conducted, Demonstration)</i>
4. Are actual hours expended by task recorded at least monthly within PM software?	X		<p>Based on the entering of percent complete. The dates within the schedule do not match the actual start and end dates and give a false picture of the project's status. Because the project team has been meeting almost every date within the plan, the date tracking has not been a significant issue. However, for accurate tracking and historical purposes, Oversight recommends that Deloitte begin recording actual start and end dates in the tool and stop allowing the tool to calculate the dates automatically.</p>
5. Are estimated hours to complete by task recorded at least monthly within PM software?	X		<p>Actual hours are not tracked/recorded within MS Project. However, since all contractor services are fixed fee contracts, each contractor will maintain a separate tracking system to monitor actual hours expended for their teams and report to the project the percent complete for each task and activity.</p> <p>For State staff time, hours for the IT staff are tracked/reported through PCA codes designated for the project on a monthly basis. While some data entry is logging, hours for team and non-team members are normally tracked via monthly reporting of hours in the project expenditure workbook.</p>
6. Is there a formal staffing plan, including a current organization chart, written roles and responsibilities, plans for staff acquisition, schedule for arrival and departure of specific staff, and staff training plans?		X	<p>Estimated hours to complete are not tracked/recorded within MS Project. However, since all contractor services are fixed fee contracts, each contractor maintains a separate tracking system to monitor the estimated hours needed to complete each task and activity for their teams and report to the project the percent of work remaining for each task and activity.</p> <p>While some data entry is logging, for State staff time, estimated hours to complete are normally tracked via monthly reporting of hours in the project expenditure workbook.</p> <p>A formal staffing plan has been completed to the extent possible. The team is nearing completion of the staff plan, with only a couple of outstanding items remaining. The project is maintaining information on the organization charts, roles and responsibilities, staff acquisition, staff arrival/departure schedule,</p>

Information Technology Project Oversight Framework

Practices and Products	Adequate	Deficient	(Items Reviewed, Interviews Conducted, Documentation)
7. Have project cost estimates, with supporting data for each cost category, been maintained?	X		Each cost and supporting information was included in the SPR that was approved by DOF in March 2007. The costs are being maintained in the expenditure workbook.
8. Are software size estimates developed and tracked?	X		Software size estimates were anticipated to be delivered in the Performance and Capacity Management Plan that was submitted in August 2007. However, no software sizing estimates were given.
9. Are two or more estimation approaches used to refine estimates?	X		The Performance and Capacity Management Plan that was submitted in August 2007 did not contain any software sizing estimates. The Plan did contain hardware estimates; however, only a single method was used.
10. Are independent reviews of estimates conducted?	X		Oversight and IV&V has reviewed the software and architecture estimates provided to date and will continue to review and monitor the estimates as they are updated throughout the project.
11. Are actual costs recorded and regularly compared to budgeted costs?	X		Yes. Actual costs are being recorded and compared to budgeted costs. In the expenditure workbook. This information is also included in the EAMS Monthly Status Report, at a summary level.
12. Is supporting data maintained for actual costs?	X		Yes. Supporting cost data is being maintained. The project is maintaining a file of backup documentation of expenses (e.g., invoices for contracts, staff time reporting from 08/07 forward, and copies of monthly data center bill).
13. Is completion status of work plan activities, deliverables, and milestones recorded, compared to schedule and included in a written status reporting process?	X		<p>Yes. The EAMS Monthly Status Report contains:</p> <ul style="list-style-type: none"> • A summary of progress toward work plan activities completed during the reporting period. • A summary of planned work plan activities for the upcoming reporting period.

Information Technology Project Oversight Framework

Practices and Products	Adequate	Deficient	Items Reviewed Interviews Conducted, Demonstration	Notes
		<ul style="list-style-type: none"> The planned and actual start and completion dates for each major milestone/deliverable. 		<p>The completion status of all work plan activities is included in the EAMS Project work plan. Oversight recommends that the updated work plan (with the % complete column displayed) be attached to the EAMS Monthly Status Report.</p>
14. Are key specification documents (e.g., contracts, requirement specifications, and/or contract deliverables) and software products under formal configuration control, with items to be controlled and specific staff roles and responsibilities for configuration management identified in a configuration management plan?	X			<p>Yes. The Configuration Management Plan details the methodology used for configuration management and control, specific staff involved, roles and responsibilities, processes, and procedures.</p>
15. Are issues/problems and their resolution (including assignment of specific staff responsibility for issue resolution and specific deadlines for completion of resolution activities), formally tracked?	X			<p>Yes. The software product issue Tracker is now being used to track all project issues. A project-level issue tracking log (in Excel) is also being maintained that includes issue description, ranking, action items and assignments, due dates, and resolution.</p>
16. Is user satisfaction assessed at key project milestones?	TBD			<p>The project plans to incorporate user satisfaction surveys into change management and implementation activities. Oversight will review and assess the implementation of the surveys at the time of preparation and delivery.</p>
17. Is planning in compliance with formal standards or a system development life-cycle (SDLC) methodology?	X			<p>Planning is generally in compliance with PMI, DfR, and Dof project management standards and industry standard development life-cycle methodology.</p>
18. Is there formal enterprise architecture in place?	X			<p>The enterprise architecture is not yet in place. DTS, DfR, and Deloitte continue to meet weekly and as-needed to discuss progress toward completing the production environment, configuration changes, and associated issues. The Deloitte team has been working at DTS with its staff since the first week of December to resolve firewall and proxy server issues, fine tune the architecture, load relevant software, and test services. As part of this process, several change requests for the</p>

Information Technology Project Oversight Framework

Practices and Products	Adequate	Deficient	Notes <i>(Items Reviewed, Interviews Conducted, Demonstrations)</i>
			<p>Architecture were submitted to DTS, and several issues were raised by DTS regarding the configuration of software. The most prominent issues continue to be those regarding the proxy servers. Resolution of the issues may require additional changes to the configuration, which will further delay the production environment delivery, as well as impact the long-term management of the environment.</p> <p>The System Architecture Design deliverable, which is the plan for the enterprise architecture, has been approved by DR/DWC. DTS is using the plan to complete the EAMS production environment (enterprise architecture). Deloitte has updated the SADD with the latest information agreed upon during the weekly DTS meetings, which include changes to server configurations, DMZs, and storage. Any updates made to resolve the proxy server issues will also need to be documented. As ongoing changes are identified and agreed upon by DTS and Deloitte, it is highly recommended that it is immediately documented and communicated to all affected parties. On a bi-monthly basis, Oversight/M&V will review progress toward addressing and documenting areas where information was not available.</p>
19. Are project closeout activities performed, including a PIER, collection and archiving up-to-date project records and identification of lessons learned?	TBD		
Procurement			
20. Are appropriate procurement vehicles selected (e.g. CMAS, MSA, "alternative procurement") and their required processes followed?	<input checked="" type="checkbox"/>		Yes. All procurements have been completed using appropriate vehicles (CMAS, competitive bids, MSA).
21. Is a detailed written scope of work for all services included in solicitation documents?	<input checked="" type="checkbox"/>		Yes. All procurements include a detailed written scope of work in the solicitation documents.

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Practices and Products	Adequate	Deficient	Notes (Items Reviewed, Inter Team Contracted, Demonstration)
22. Are detailed requirement specifications included in solicitation documents?	X		The prime contract was business-based, and the level of requirements was commensurate with the procurement approach.
23. Is there material participation of outside expertise (e.g. DGS, Departmental specialists, consultants) in procurement planning and execution?	X		<p>Yes. DGS supported or ran the procurements to acquire:</p> <ul style="list-style-type: none"> • Project Management Services • COTS Integration Vendor Services • IPO/V&V Services <p>With the finalizing of the COTS Integration Vendor Services contract, DGS provided additional procurement and contract assistance, DGS provided guidance to DIR and full support to bring resolution to contract issues.</p> <p>For upcoming procurements for training staff and facilities, DIR anticipates utilizing DGS for procurement and contract assistance.</p>
24. For large-scale outsourcing, is qualified legal counsel obtained?	N/A		Not applicable. This solution is not an out-sourcing solution.
Risk Management			
25. Is formal continuous risk management performed, including development of a written risk management plan, identification, analysis, mitigation and escalation of risks in accordance with DOF/TOSU Guidelines, and regular management team review of risks and mitigation progress performed?	X		<p>Yes. The project consistently follows a continuous risk management process, which has been detailed in the Risk Management Plans within each of the Project Management Plans. The Risk Management Plans outline the methodologies to be used to identify, analyze, mitigation, and escalate risks. The methods outlined meet DOF/TOSU and PMBOK guidelines.</p> <p>A risk tracking log (in Excel) is being maintained that includes the risk description, ranking, severity level, actions taken/required, contingency plan, assignments, and resolution. All risks are being managed and tracked for the entire project.</p>
26. Does the management team review risks and mitigation	X		Yes. Risks, mitigation strategies, and status are reviewed on a weekly basis during the Project Management Team meetings.

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Practices and Products	Adequate	Deficient	Items Reviewed, Interviews Conducted, Documentation	Notes
Progress at least monthly?			and monthly during the Steering Committee Meetings.	
27. Are externally developed risk identification aids used, such as the SEI "Taxonomy Based Questionnaire?"	X		The Project Management team and IPO are using some external risk identification aids to ensure all applicable risks are identified and mitigated timely. Additional aids will be explored as needed to ensure all risks are identified and mitigated as early as possible.	
Communication				
28. Is there a written project communications plan?	X		Yes. Communications Plans are included within each of the Project Management Plans. The Communications Plans are being updated to include appropriate stakeholders, communication mediums, and responsibilities.	
29. Are regular written status reports prepared and provided to the project manager, department CIO (if applicable) and other key stakeholders?	X		Yes. Written weekly and monthly status reports are provided to the Department CIO, Project Manager, and all key stakeholders.	
30. Are there written escalation policies for issues and risks?	X		Yes. Each of the Project Management Plans contains Issue Management Plans and Risk Management Plans that include written escalation policies.	
31. Is there regular stakeholder involvement in major project decisions, issue resolution and risk mitigation?	X		Yes. The management team participates in a weekly Project Management Meeting to discuss issues, risks, project status, and decisions. On a monthly basis, the project sponsor, management team, and key stakeholders attend the monthly Steering Committee Meetings to discuss the same topics. As needed, additional meetings are held to ensure timely issue/risk resolution and decision-making.	
System Engineering				
32. Are users involved throughout the project, especially in requirements specification and testing?	X		Yes. Users were heavily involved in the detailed requirements definition process for the RFP and have been highly involved in the requirements planning, design sessions, test development, training material development, conversion, implementation, and	

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Practices and Products	Adequate	Deficient	Notes (Items Reviewed, Interviews Conducted, Demonstration)
33. Do users formally approve/sign-off on written specifications?	X		change management with the COTS Integration Vendor. User involvement is planned throughout the project lifecycle.
34. Is a formal system development life-cycle (SDLC) methodology followed?	X		Stakeholders have been identified for formal sign-off/approval of each deliverable and are actively participating in the review of the deliverables and interim work products.
35. Is a software product used to assist in managing requirements? Is there tracking of requirements traceability through all life-cycle phases?	X		Deloitte is following a formal system development methodology. The methodology will be reviewed on an ongoing basis to determine if it is effective and being followed.
36. Do software engineering standards exist and are they followed?	X		Yes. The Detail Design document and Requirements Traceability Matrix have been reviewed and updated per DW/C and IPON/VY comments. Both demonstrate requirements traceability and support the methodology proposed by Deloitte. Review of the forwards and backwards requirements traceability continues to be performed using the Requirements Traceability Tool (RTT) software provided by the COTS Integration Vendor as well as via exports to Excel spreadsheet. Following each phase of the development cycle for EAMS, the Project plans to update the Requirements Traceability Matrix.
37. Does product defect tracking begin no later than requirements specifications?	X		The system technical and application architectures are based on COTS products that comply with industry software engineering standards. The Deloitte team has started its adherence to software engineering standards. Deloitte submitted the first Detailed Design Document on August 24, and has been approved. In compliance with Cumam standards, the Deloitte team is following the Rational Unified Process system development model and tools for documenting, modeling, modifying, and designing the EAMS. The standards were appropriately reflected in the Detailed Design Document. Oversight is continuing to review and assess compliance throughout the development and test activities.
			Defect tracking began upon acceptance of the System Requirements Specification (SRS) document. Each deliverable

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Practices and Products	Adequate	Deficient	Notes <i>(Items Reviewed, Interviews Conducted, Demonstration)</i>
associated with the EAMS is being reviewed to ensure the design, code, and end product will meet the approved requirements. Change tracking was initiated as part of Requirements Analysis. Oversight will continue to assess defect tracking and change control compliance throughout the project.			
38. Are formal code reviews conducted?	X		Deloitte is following a standard software development methodology and toolset to modify, integrate, and extend the COTS packages to meet the needs of DIR/DWC. Software reviews conducted to date by IV&V to determine the COTS Software Capability have revealed only minor issues. It is important to note, however, that only a minimal portion of the code has been provided to date for code review, and the assumption must be at this point that all code is being developed similarly. Further and more in-depth code reviews are planned as testing and defect resolution progresses. IV&V plans to complete a full code review during January and March to validate that the code being developed follows the agreed upon industry standards, COTS standards, and meets project requirements.
39. Are formal quality assurance procedures followed consistently?	X		Quality Assurance (QA) Plans are included in each of the Project Management Plans. To date, it appears that the quality assurance procedures are being followed. Oversight will continue to review and assess compliance with this item.
40. Do users sign-off on acceptance test results before a new system or changes are put into production?	X		Users are actively participating in the acceptance process by 1) helping to develop the UAT Plan and scripts that will support testing and 2) signing-off on all acceptance test results prior to EAMS or changes being put into production.
41. Is the enterprise architecture plan adhered to?	X		The enterprise architecture is not yet in place. DTS, DIR, and Deloitte continue to meet weekly and as-needed to discuss progress toward completing the production environment, configuration changes, and associated issues. The Deloitte team has been working at DTS with its staff since the first week of December to resolve firewall and proxy server issues, fine

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Practices and Products	Adequate	Deficient	Notes <i>(Items Reviewed, Interviews Conducted/Demonstration)</i>
			<p>tune the architecture, load relevant software, and test services. As part of this process, several change requests for the architecture were submitted to DTS, and several issues were raised by DTS regarding the configuration of software. The most prominent issues continue to be those regarding the proxy servers. Resolution of the issues may require additional changes to the configuration, which will further delay the production environment delivery, as well as impact the long-term management of the environment.</p> <p>The System Architecture Design deliverable, which is the plan for the enterprise architecture, has been approved by DIR/DWC. DTS is using the plan to complete the EAMS production environment (Enterprise architecture). Deloitte has updated the SADD with the latest information agreed upon during the weekly DTS meetings, which include changes to server configurations, DMZs, and storage. Any updates made to resolve the proxy server issues will also need to be documented. As ongoing changes are identified and agreed upon by DTS and Deloitte, it is highly recommended that it is immediately documented and communicated to all affected parties. On a bi-monthly basis, Oversight/I&V will review progress toward addressing and documenting areas where information was not available.</p>
42. Are formal deliverable inspections performed, beginning with requirements specifications?	<input checked="" type="checkbox"/>		Formal deliverable inspections are being performed for each deliverable. The project has assigned mandatory and Information only reviewers for each deliverable. A process and for each review is in place and being followed.
43. Are I&V services obtained and used?	<input checked="" type="checkbox"/>		Yes, Eclipse Solutions is providing project oversight and I&V services.